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OF COUNSEL

MARVIN J. SHARP

PATRICK A. BAUMHOER

GREGORY C. STOCKARD (1904-1993)

PHIL HAUCK (1924-1991)

March 27, 2002

FILED³

MAR 27 2002

Missouri Public
Service Commission

Secretary of PSC
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

**Re: Application of Northeast and Modern for Approval to Merger Modern
into Northeast**

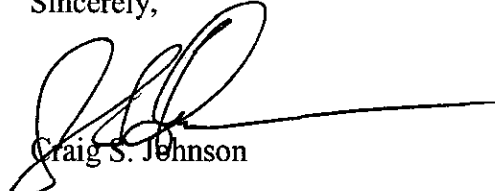
Dear Secretary:

TM-2002-465

Enclosed please find an original and eight (8) copies of a Joint Application of Modern and Northeast for approval of a merger. A copy of this Joint Application and of this cover letter have been served upon Dan Joyce and Michael Dandino.

Thank you for seeing this filed. If any questions or concerns arise, please direct them to me.

Sincerely,


Craig S. Johnson

CSJ:tr

Enc.

cc: Ray Ford
Gary Godfrey
Dan Joyce
Michael Dandino

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE
STATE OF MISSOURI

FILED³

MAR 27 2002

Missouri Public
Service Commission

In the Matter of the Joint Application)
of Northeast Missouri Rural Telephone)
Company and Modern Telecom-)
munications Company for Approval)
to Merge Modern Telecommunications)
Company and Northeast Missouri)
Rural Telephone Company.)

Case No. ~~TA~~ TM-2002-465

JOINT APPLICATION

Come now Joint Applicants Northeast Missouri Rural Telephone Company and Modern Telecommunications Company, pursuant to § 392.300 RSMo and 4 CSR 240-2.060 (8), and hereby jointly apply to the Commission for approval to merge Modern Telecommunications Company with and into Northeast Missouri Rural Telephone Company. In support of this Joint Application, Applicants state as follows:

1. Modern Telecommunications Company (Modern) is a Missouri corporation organized and existing under the laws of the State of Missouri in good standing as signified by the Certificate of Good Standing attached hereto as Attachment 1. Modern is a regulated telecommunications carrier providing basic local exchange telecommunications service, and exchange access service, in three exchanges in North Central Missouri.

2. Northeast Missouri Rural Telephone Company (Northeast) is a Missouri corporation organized and existing under the laws of the State of Missouri in good standing as signified by the Certificate of Good Standing attached hereto as Attachment 2. Northeast is a

regulated telecommunications carrier providing basic local exchange telecommunications service, and exchange access service, in eleven exchanges in North Central Missouri.

3. Copies of all correspondence, information, or queries pertinent to this proceeding should be directed to Modern Telecommunications Company by mailing or faxing such information to the following:

Ray Ford
General Manager
Modern Telecommunications Company
718 South West Street
P.O. Box 98
Green City, MO 63545
(660) 874-4111
(660) 874-4100 Fax

4. Copies of all correspondence, information, or queries pertinent to this proceeding should be directed to Northeast Missouri Rural Telephone Company by mailing or faxing such information to the following:

Ray Ford
General Manager
Northeast Missouri Rural Telephone Company
718 South West Street
P.O. Box 98
Green City, MO 63545
(660) 874-4111
(660) 874-4100 Fax

5. Copies of all pleadings, motions, or other filings in this docket should be served upon counsel for Modern Telecommunications Company to the following:

Craig S. Johnson
MO Bar No. 28179
Andereck Evans Milne Peace & Johnson, LLC
The Col. Darwin Marmaduke House
700 East Capitol
Post Office Box 1438
Jefferson City, Missouri 65102

Telephone: (573) 634-3422
Facsimile: (573) 634-7822
Email: CJohnson@AEMPB.com

6. Copies of all pleadings, motions, or other filings in this docket should be served upon counsel for Northeast Missouri Rural Telephone Company to the following:

Craig S. Johnson
MO Bar No. 28179
Andereck Evans Milne Peace & Johnson, LLC
The Col. Darwin Marmaduke House
700 East Capitol
Post Office Box 1438
Jefferson City, Missouri 65102
Telephone: (573) 634-3422
Facsimile: (573) 634-7822
Email: CJohnson@AEMPB.com

7. Since receiving its certificate of authority to provide telecommunications service in the State of Missouri, Modern has at all times been a wholly-owned subsidiary of Northeast.

8. Joint Applicants propose to merge Modern into and with Northeast, with Northeast as the surviving corporation, pursuant to an agreement and plan of merger attached hereto as Attachment 3.

9. A certified copy of the resolution of Modern's Board of Directors authorizing entry into the merger agreement and the proposed merger is attached hereto as Attachment 4.

10. A certified copy of the resolution of Northeast's Board of Directors authorizing entry into the merger agreement and the proposed merger is attached hereto as Attachment 5.

11. The balance sheets and income statements of Modern, Northeast, and the surviving corporation are attached hereto respectively as Attachments 6, 7, 8, 9, and 10.

12. As this merger has been designed, to the extent practically feasible, to be revenue neutral to both customers of the Joint Applicants and to Joint Applicants themselves. It is

estimated that there will be no direct impact on the Missouri jurisdictional operations relative to the merger.

13. As this merger has been designed to be revenue neutral to both customers of the Joint Applicants and to Joint Applicants themselves, and because the present mode of operations should not change upon implementation of the merger, the merger should have no direct impact on the tax revenues of the political subdivisions in which the facilities of Modern and Northeast are located.

14. Modern has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within the last three years from the date of this Application.

15. Northeast has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within the last three years from the date of this Application.

16. No annual report or assessment fees are overdue on behalf of Modern.

17. No annual report or assessment fees are overdue on behalf of Northeast.

18. This proposed merger is not detrimental to the public interest, and is in fact in the public interest, for the following reasons:

- a. No customer of either Applicant will see an overall rate increase by reason of this merger, and after the effective date of the merger Northeast will continue to provide regulated telecommunications service pursuant to tariffs approved by the Commission, with some modified tariffs to reflect the changes in service areas and rates of Northeast as the surviving entity;

- b. Present local service customers of Modern will be afforded an opportunity to become members/owners of Northeast, as are present customers of Northeast, which is operated as a cooperative, thus having an opportunity to be allocated and have refunded margins of the merged entity, as well as participating directly in the governance of the merged entity.
- c. As Modern is currently a wholly-owned subsidiary of Northeast, with its operations being conducted by management and employees of Northeast, there will be no change in the manner of present operations attributable to the merger.
- d. There should be no impact upon the revenues of the state or local political subdivisions attributable to the merger.

19. The merger is structured to become effective on January 1, 2003. Organizational charts depicting the relationship of the proposed merged entities before and after the transaction are attached hereto as Attachments 11 and 12.

20. If approved, Modern will withdraw its current tariffs effective January 1, 2003.

21. Northeast will separately file proposed tariff sheets necessary to effectuate the merger, with proposed January 1, 2003 effective date, sometime after June 1, 2002 to assure compliance with § 392.230.5 RSMo. It is anticipated that these tariffs will include the tariff modifications necessary to include the addition of Modern boundary or exchange maps to the tariffs of Northeast, the integration of Modern's residential and business local service customer's rates with those of Northeast, and the integration of Modern's exchange access rates with those of Northeast.

22. Approval of this merger will require no additional financing for either Applicant, although it is possible that reaching an accommodation with the two secured lending entities currently providing financing to Applicants may require a restatement or accommodation of one or both of those lenders' security interest in the assets of the surviving entity, for which approval may be necessary and which will be requested when the specifics are known.

Wherefore, Joint Applicants request that the Commission, on or before November 1, 2002, issue an order authorizing the joint applicants to merge in accordance with the agreement and plan of merger effective January 1, 2003, to allow Modern to cancel its tariffs effective that date, to approve the proposed tariffs of Northeast effective that date, to approve any restatement of existing liens of the lenders of Modern and Northeast into security interests applicable to the surviving entity, to provide customers of Modern and Northeast with any notice and opportunity necessary for them to have an opportunity to review this proposed merger, and otherwise to transfer all certificates of authority, franchises, licenses, leases, permits, easements, evidences of indebtedness necessary to effectuate the merger from Modern to Northeast, and granting any such other or further relief as may be appropriate.

ANDERECK, EVANS, MILNE,
PEACE & JOHNSON, L.L.C.

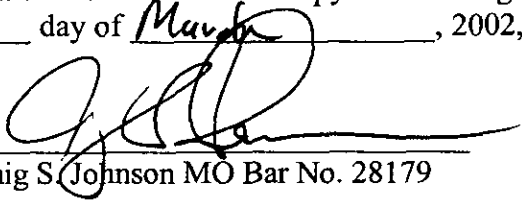
By 

Craig S. Johnson MO Bar No. 28179
The Col. Darwin Marmaduke House
700 East Capitol
Post Office Box 1438
Jefferson City, Missouri 65102
Telephone: (573) 634-3422
Facsimile: (573) 634-7822
Email: CJohnson@AEMPB.com

ATTORNEYS FOR Modern and Northeast

CERTIFICATE OF SERVICE

The undersigned does hereby certify that a true and accurate copy of the foregoing was mailed, via U.S. Mail, postage prepaid, this 29 day of March, 2002, to Staff and the Office of Public Counsel.



Craig S. Johnson MO Bar No. 28179

VERIFICATION

State of Missouri)
) SS.
County of Sullivan)

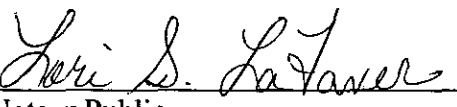
Comes now Ray Ford, being of lawful age and duly sworn, and swears and affirms that:

1. My name is Ray Ford and I am the General Manager of Modern Telecommunications Company. In this capacity I am authorized to apply to the Missouri Public Service Commission for approval of an agreement and plan of merger executed by and between Modern Telecommunications Company and Northeast Missouri Rural Telephone Company, as is set forth in this Application.
2. The information contained in this Application is true and accurate to the best of my knowledge, information, and belief.
3. Applicant has authorized Craig S. Johnson and the firm of Andereck, Evans, Milne, Peace and Johnson, LLC, to file and prosecute this Application.



Ray Ford

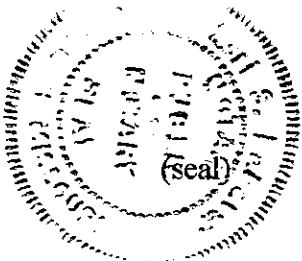
Subscribed and sworn to before me this 22nd day of March, 2002.



Notary Public

**Lori S. LaFaver, Notary Public
Sullivan County, State of Missouri
My Commission Expires 9/26/2004**

My commission expires 9/26/2004.



No. 00384346

STATE OF MISSOURI



Matt Blunt
Secretary of State

CORPORATION DIVISION


CERTIFICATE OF CORPORATE GOOD STANDING

I, MATT BLUNT, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

MODERN TELECOMMUNICATIONS COMPANY

was incorporated under the laws of this State on the 9th day of AUGUST, 1993, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 18th day of MARCH, 2002.


Secretary of State



No. T00000571

STATE OF MISSOURI



Matt Blunt
Secretary of State

CORPORATION DIVISION

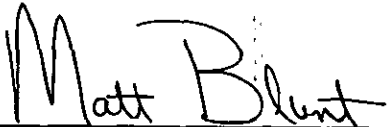
CERTIFICATE OF CORPORATE GOOD STANDING

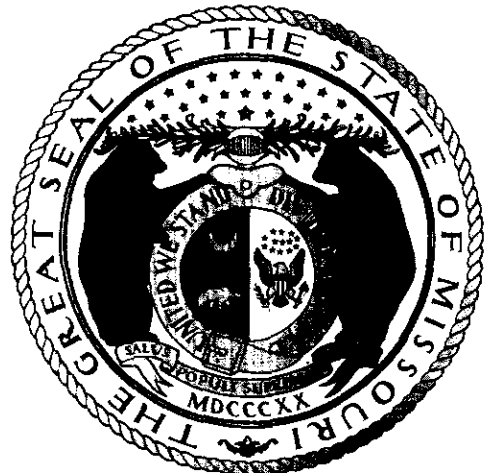
I, MATT BLUNT, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

NORTHEAST MISSOURI RURAL TELEPHONE COMPANY

was incorporated under the laws of this State on the 20th day of OCTOBER, 1952, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 18th day of MARCH, 2002.


Secretary of State



AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger is entered into on the 13th day of November 2001, by and between Northeast Missouri Rural Telephone Company, a Missouri corporation (hereinafter referred to as "Surviving Corporation"), and Modern Telecommunications Company, a Missouri corporation (hereinafter referred to as "Merging Corporation");

WITNESSETH:

WHEREAS, Surviving Corporation and Merging Corporation are corporations duly organized and existing under the laws of the State of Missouri; and

WHEREAS, Merging Corporation is a wholly-owned subsidiary of Surviving Corporation; and

WHEREAS, Merging Corporation has authorized capital stock consisting of 1,000 shares of common stock, of which there are presently issued and outstanding 1,000 shares of common stock, all of which are owned by Surviving Corporation, thus qualifying this merger pursuant to §351.447 RSMo 2001; and

WHEREAS, Merging Corporation was caused to be incorporated by Surviving Corporation in order to purchase certain exchanges of General Telephone of the Midwest which were located in and around exchanges owned and operated by Surviving Corporation; and

WHEREAS, Merging Corporation's purchase was successful, and it purchased those exchanges to be owned and operated pursuant to the terms of the purchase agreement and also pursuant to the terms and conditions imposed by the Missouri Public Service Commission; and

WHEREAS, Surviving Corporation through its credit and guarantee caused the acquisition of loan funds necessary to purchase and operate the exchanges purchased by Merging Corporation; and

WHEREAS, Surviving Corporation caused Merging Corporation to acquire these exchanges with the intention of initially improving the quality of telecommunications service there, and eventually of providing the benefits of a member owned telephone cooperative to customers of Merging Corporation, who are family, friends, neighbors, and business acquaintances of Surviving Corporation's member-owners; and

WHEREAS, Surviving Corporation utilized Merging Corporation as the acquisition and ownership vehicle for these exchanges for legal and regulatory reasons, including keeping the ownership, improvement, financing, and operation of these exchanges of Merging Corporation separate and apart from that of Surviving Corporation until established that these exchanges were viable given the terms and conditions of approval of the acquisition of these exchanges; and

WHEREAS, Surviving Corporation has determined that the operation of Merging Corporation is satisfactory, and merger of Merging Corporation into Surviving Corporation is now appropriate, as it will fulfill the original intent, will make family, friends, neighbors, and business acquaintances of the members of Surviving Corporation members of the same cooperative corporation, will eliminate or reduce some past inefficiencies and increased expense associated with the conduct of operations as dual corporations involved in the same or substantially similar operations; and

WHEREAS, the Board of Directors of Surviving Corporation obtained an affirmative advisory referendum of its member-shareholders with respect to this merger; and

WHEREAS, the Boards of Directors of both Merging Corporation and Surviving Corporation have determined that it is advisable and for the benefit of each of the constituent entities and their respective members and customers that this merger be effectuated on the terms and conditions hereinafter set forth; and

NOW, THEREFORE, the parties agree as follows:

**ARTICLE I
MERGER AND NAME OF SURVIVING CORPORATION**

At the effective date, as hereinafter defined, Modern Telecommunications Company shall be merged with and into Northeast Missouri Rural Telephone Company, which has been and is hereby again designated as the Surviving Corporation, which shall not be a new corporation, which shall continue its corporate existence as Northeast Missouri Rural Telephone to be governed by the laws of the State of Missouri and which shall maintain a registered office in the State of Missouri.

**ARTICLE II
TERMS AND CONDITION OF MERGER**

The terms and conditions of the merger are (in addition to those set forth elsewhere in this Agreement and Plan of Merger) as set forth in the following. At the effective date of merger:

(1) Merging Corporation shall merge into and become a part of Surviving Corporation, and they shall thereafter be a single corporation, which shall be Northeast Missouri Rural Telephone Company, the corporation heretofore designated as the Surviving Corporation.

(2) The separate existence of Merging Corporation shall cease.

(3) Without any further act or deed, Surviving Corporation shall thereupon and thereafter possess all the rights, privileges, powers and franchises, whether of a public or a private nature, and be subject to all the restrictions, disabilities, and duties of each corporation party to this merger; and all singular, the rights, privileges, powers and franchises of Merging Corporation, and all property, real, personal and mixed, and add debts due to Merging Corporation on whatever account, as well as for stock subscriptions as all other things in action or belonging to Merging Corporation shall be vested in Surviving Corporation; and all property, rights, privileges, powers and franchises, and all and every other interest shall be thereafter as effectually the property of Surviving Corporation as they were of Merging Corporation, and the title to any real estate by deed or otherwise in Merging Corporation shall not revert or be in any way impaired by reason of the merger; all rights of creditors and all liens upon any property of Merging Corporation shall be preserved unimpaired; provided, that any liens or security interests held by any person upon any property or assets of Merging Corporation shall be limited to the property in or upon which they were held immediately prior to the effective date of the merger; and all debts, liabilities and duties of Merging Corporation shall thenceforth attach to Surviving Corporation and may be enforced against it to the same extent as if said debts, liabilities and duties has been incurred or contracted by it. Any action or proceeding, whether civil, criminal, or administrative, pending by or against Merging Corporation shall be prosecuted as if the Merger had not taken place, or Surviving Corporation may be substituted in such actin or proceeding.

(4) All corporate acts, plans, policies, contracts, approvals and authorizations of Merging Corporation and its Stockholders, Board of Directors, committees elected or appointed by the Board of Directors, officers and agents, which where valid and effective immediately prior to the

effective date shall be taken for all purposes as the acts, plans, policies, contracts, approvals and authorizations of Surviving Corporation and shall be as effective and binding thereon as the same were with respect to Merging Corporation.

(5) The assets, liabilities, reserves and accounts of Merging Corporation shall be recorded on the books of Surviving Corporation at the amounts which they, respectively, shall then be carried on the books of Merging Corporation subject to such adjustments or eliminations of intercompany items as may be appropriate in giving effect to the merger.

(6) The Directors and Officers of Surviving Corporation shall continue in their respective positions, for the same terms and on the same conditions as prior to the effective date of the merger.

(7) This merger is expressly contingent upon obtaining certain final approvals or determinations, which may be obtained conditionally, provisionally, or temporarily in order to satisfy any or all of the entities for which final approval is required. The failure to obtain any such final approval or determination will result in this Agreement and Plan of Merger being null and void and of no force or effect. The following are the required final approvals:

- a. Missouri Public Service Commission approval of the merger and resulting changes in tariffs and other operational matters regulated by the Missouri Public Service Commission;
- b. United States Internal Revenue Service Determination that no tax will result from this merger under 26 USC;
- c. Approval by the United States Department of Agriculture Rural Utility Services;

- d. Approval or acceptance by the United States Federal Communications Commission;
- e. Approval or acceptance by the National Exchange Carrier Association;
- f. Approval by Rural Telephone Finance Cooperative;
- g. Any other federal, state, or local governmental approvals not hereinabove set forth.

**ARTICLE III
MANNER AND BASIS OF
CONVERTING SHARES AND RELATED PROVISIONS**

The manner and basis of converting the issued and outstanding shares of Merging Corporation into shares of Surviving Corporation and the mode of carrying the merger into effect are as follows:

(a) Each shareholder of Surviving Corporation's common stock outstanding at the effective date of this merger shall continue to hold the same shares following the effective date of the merger, without any action on the part of the holder thereof; and,

(b) Surviving Corporation's common stock in Merging Corporation shall be canceled; and

(c) Customers of Merging Corporation shall be issued one share of common stock in Surviving Corporation; and

(b) Surviving Corporation, the sole shareholder of Merging Corporation, shall receive all of the assets and liabilities of Merging Corporation as a result of the merger.

**ARTICLE IV
CERTIFICATE OF INCORPORATION,
ARTICLES OF INCORPORATION AND BY-LAWS**

The Certificate of Incorporation of Surviving Corporation as existing and constituted immediately prior to the effective date of this merger shall, upon the merger becoming effective, be and constitute the Certificate of Incorporation of Surviving Corporation until amended in the manner provided by law.

The Articles of Incorporation and the By-Laws of Surviving Corporation as existing and constituted immediately prior to the effective date of this merger shall, upon the merger becoming effective, be and constitute the Articles of Incorporation and the By-Laws of Surviving Corporation until amended in the manner provided by law.

The Articles of Incorporation of Surviving Corporation, upon the merger becoming effective, shall state the plan of merger has been adopted pursuant to the provisions of § 351.447 RSMo 2001, and shall set forth the resolution of the board of directors of parent Surviving Corporation approving this Agreement and Plan of Merger and date of adoption of that resolution and shall state that parent Surviving Corporation is in compliance with the ninety percent ownership requirement of that statute and will maintain at least ninety percent ownership until the issuance of the certification of merger by the Missouri Secretary of State.

**ARTICLE V
APPROVAL AND EFFECTIVE TIME OF THE MERGER**

The merger shall not become effective until these Articles of Merger are submitted to and approved by the Secretary of State for the State of Missouri and the Secretary's Certificate of Merger is issued, which shall be done after obtaining all other approvals and determinations.

Upon completion of this action, the effective date of the merger shall be January 1, 2003.

**ARTICLE VI
APPROVAL OF DIRECTORS**

The Board of Directors of Surviving Corporation met on Novale 13, 2001, 2001, and by resolution adopted by a majority vote of the members of such board approved the Plan of Merger set forth herein.

Although not required by law, the Board of Directors of Merging Corporation met on Novale 13, 2001, 2001, and by resolution adopted by a majority vote of the members of such board approved the Plan of Merger set forth herein.

**ARTICLE VII
APPROVAL OF SHAREHOLDERS**

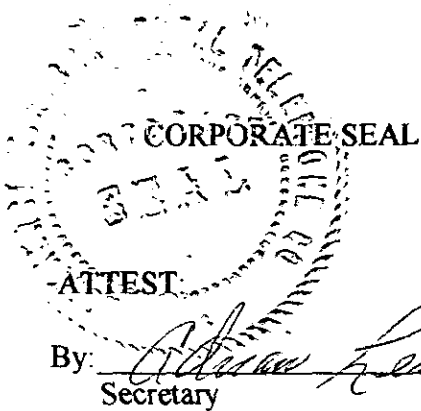
Merging Corporation is a wholly-owned subsidiary of Surviving Corporation, and Merging Corporation shall remain a wholly-owned subsidiary of Surviving Corporation until the Secretary of State issues the Certificate of Merger approving this merger. Consequently, pursuant to Section 351.477, RSMo 1994, the Plan of Merger was not submitted to any required vote of the shareholders of either Merging Corporation or Surviving Corporation, although the concept was the subject of an affirmative advisory referendum of the shareholders of Surviving Corporation.

**ARTICLE VIII
AMENDMENT TO ARTICLES OF INCORPORATION**

Upon obtaining the necessary approvals for the completion of this Merger, the Articles of Incorporation of Surviving Corporation will be amended, if necessary, consistent with the terms of this Agreement and the terms of any approval, if applicable.

IN WITNESS WHEREOF, this Agreement and Plan of Merger has been executed by the aforementioned Corporations as of the day and year hereafter acknowledged.

NORTHEAST MISSOURI RURAL TELEPHONE
COMPANY



By: Richard Morgan
President

By: [Signature]
Secretary

STATE OF MISSOURI)
)SS.
COUNTY OF SULLIVAN)

I, Lori S. LaFaver, a Notary Public, do hereby certify that on the 10th day of December, 2001, personally appeared before me Richard Morgan; who being by me first duly sworn, declared that he is the President of Northeast Missouri Rural Telephone Corporation, that he signed the foregoing document as President of the Corporation, and that the statements therein contained are true.

(Notarial Seal)

Lori S. LaFaver
Notary Public

My Commission Expires:

9/26/2004

Lori S. LaFaver, Notary Public
Sullivan County, State of Missouri
My Commission Expires 9/26/2004



MODERN TELECOMMUNICATIONS COMPANY



By: John D. Aylward
President

By: [Signature]
Secretary

STATE OF MISSOURI)
)SS.
COUNTY OF SULLIVAN)

I, Lori S. LaFaver, a Notary Public, do hereby certify that on the 10th day of December, 2001, personally appeared before me John D. Aylward, who being by me first duly sworn, declared that he is the President of Modern Telecommunication Company, that he signed the foregoing document as President of the Corporation, and that the statements therein contained are true.

(Notarial Seal)

Lori S. LaFaver
Notary Public

My Commission Expires:

9/26/2004

**Lori S. LaFaver, Notary Public
Sullivan County, State of Missouri
My Commission Expires 9/26/2004**



Modern Telecommunications Company
November 13, 2001

The President presented to the Board of Directors a merger agreement between Modern Telecommunications Company and Northeast Missouri Rural Telephone Company, and on a motion by Ron Morlan and seconded by Richard Stevenson a vote was taken on the following resolution.

BE IT RESOLVED, that Modern Telecommunications Company adopt the proposed merger agreement as proposed by Counsel and Consultants.

BE IT FURTHER RESOLVED that the president be authorized to sign and the Secretary attest and seal a sufficient number of originals for both companies, lenders, and regulatory commissions, and further for management, counsel and consultants to do those things necessary to effectuate completion of the merger as per the terms of that agreement.

Upon a call for a vote by the Chairman, the Resolution was unanimously adopted.

John D. Ayers
President

Richard Lewis
Secretary



Attachment 4

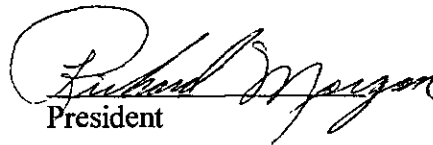
Northeast Missouri Rural Telephone Company
November 13, 2001

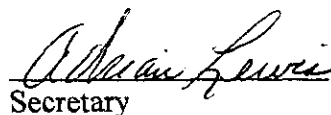
The President presented to the Board of Directors a merger agreement between Northeast Missouri Rural Telephone Company and Modern Telecommunications Company on a motion by Richard Stevenson and seconded by John Aylward a vote was taken on the following resolution.

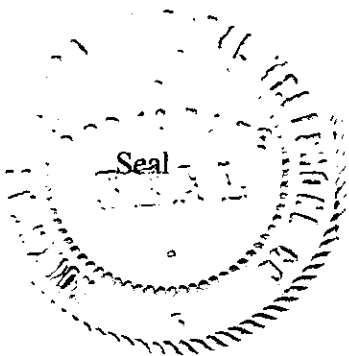
BE IT RESOLVED, that Northeast Missouri Rural Telephone Company adopt the proposed merger agreement as proposed by Counsel and Consultants.

BE IT FURTHER RESOLVED that the President be authorized to sign and the Secretary attest and seal a sufficient number of originals for both companies, lenders, and regulator commissions, and further for management, counsel and consultants to do those things necessary to effectuate completion of the merger as per the terms of that agreement.

Upon a call for a vote by the Chairman, the Resolution was unanimously adopted.


President


Secretary



Attachment 5

MODERN TELECOMMUNICATIONS

Balance Sheet
December 31, 2001

	<u>Year To Date</u>
CURRENT ASSETS	
1 Cash and Equivalents	\$1,131,395.14
2 Cash - REA Construction Fund	0.00
3 Telecommunication Accounts Receivable	22,757.08
4A Other Accounts Rec Affiliates	0.00
4B Other Accounts Rec Non Affil	103,245.21
5 Accounts Receivable - Affiliates	0.00
6 Interest and Dividends Receivable	8,020.76
7 Material - Regulated	0.00
8 Material - Nonregulated	0.00
9 Prepayments	0.00
10 Other Current Assets	160.00
11 Total Current Assets	\$1,265,578.19
NONCURRENT ASSETS	
12A Invest in Affil Co Rural Develop	\$0.00
12B Invest in Affil Co Non Rural Dev	0.00
13A Other Invest Rural Dev	79,684.03
13B Other Invest Non Rural Dev	307,489.37
14 Non-Regulated Investments	0.00
15 Other Noncurrent Assets	0.00
16 Deferred Charges	0.00
17 Jurisdictional Differences	0.00
18 Total Noncurrent Assets	\$387,173.40
PLANT, PROPERTY, AND EQUIPMENT	
19 Plant-in-Service	\$8,943,263.95
20 Property Held For Future Use	0.00
21 Plant Under Construction	0.00
22 Plant-Nonoperating and Goodwill	8,858,071.29
23 Less Accumulated Depreciation	(7,976,211.68)
24 Net Plant	\$9,825,123.56
25 TOTAL ASSETS	\$11,477,875.15

Attachment 6

MODERN TELECOMMUNICATIONS
Operating Report
For the Twelve Months Ending December 31, 2001

	<u>December</u>	<u>Quarter</u>	<u>YTD</u>	<u>% Total</u>	<u>BUDGET</u>	<u>Last Year Total</u>
Local Network Service Revenue	\$45,743.18	\$138,044.33	\$365,552.87	18.6%	\$564,000.00	\$537,599.02
Interstate Network Access Revenue	107,770.09	315,323.84	1,220,140.31	40.1%	1,207,000.00	1,221,563.97
Intrastate Network Access Revenue	91,839.78	282,600.98	1,151,343.90	37.8%	1,165,000.00	1,066,707.87
Billing and Collection Revenue	6,420.60	21,923.36	94,649.33	3.1%	95,000.00	110,258.47
Miscellaneous Revenue	3,398.90	8,765.27	23,445.80	0.8%	18,500.00	17,115.38
Uncollectible Revenues	(4,748.76)	(1,846.07)	(8,951.45)	(0.29%)	(9,500.00)	(7,515.12)
Net Operating Revenues	\$250,423.79	\$764,811.91	\$3,046,180.76	100.0%	\$3,040,000.00	\$2,945,729.59
Plant Specific Operations Expense	\$36,362.49	\$116,563.92	\$423,237.93	17.1%	\$415,000.00	\$410,472.45
Plant Nonspecific Operations Expense	20,437.99	59,785.29	231,113.66	9.3%	210,000.00	199,165.87
Depreciation	38,589.03	115,561.51	463,935.99	18.7%	485,000.00	404,597.58
Amortization Expense	48,550.24	145,650.72	596,540.83	24.0%	606,500.00	606,495.96
Customer Operations Expense	21,053.86	70,151.94	268,196.18	10.8%	250,000.00	255,537.30
Corporate Operations Expense	45,200.14	133,913.18	499,168.88	20.1%	460,000.00	465,153.51
Total Operating Expenses	\$210,193.75	\$641,626.56	\$2,482,193.47	100.0%	\$2,426,500.00	\$2,341,422.67
Operating Income or Margins	\$40,230.04	\$123,185.35	\$563,987.29	0.0%	\$613,500.00	\$604,306.92
Other Operating Income and Expense	\$0.00	\$0.00	(\$47.46)	0.0%	(\$100.00)	(\$47.35)
State and Local Taxes	18,210.39	46,800.11	179,889.41	0.0%	179,000.00	175,818.72
Federal Income Taxes	0.00	0.00	0.00	0.0%	0.00	0.00
Total Operating Taxes	\$18,210.39	\$46,800.11	\$179,889.41	0.0%	\$179,000.00	\$175,818.72
Net Operating Income or Margins	\$22,019.65	\$76,385.24	\$384,050.42	0.0%	\$434,400.00	\$428,440.85
Interest on Funded Debt	\$25,548.17	\$82,149.39	\$411,773.17	0.0%	\$475,000.00	\$499,350.19
Other Interest Expenses	182.12	749.60	3,313.42	0.0%	2,500.00	2,971.04
Total Fixed Charges	\$25,730.29	\$82,898.99	\$415,086.59	0.0%	\$477,500.00	\$502,321.23
Nonoperating Net Income	2,189.04	13,610.23	114,727.47	0.0%	99,700.00	99,471.40
Internet Revenue	0.00	0.00	0.00	0.0%	0.00	0.00
Nonregulated Net Income	3,818.81	10,651.31	51,245.11	0.0%	51,500.00	55,884.39
Total Net Income or Margins	\$2,297.21	\$17,747.79	\$134,936.41	0.0%	\$108,100.00	\$81,475.41

A Hachment 7

Northeast Missouri Rural Telephone Company
Balance Sheet
For the Twelve Months Ending December 31, 2001

Year To Date

CURRENT ASSETS

1	Cash and Equivalents	\$848,592.21
2	Cash - REA Construction Fund	11,617.63
3	Telecommunication Accounts Receivable	22,992.88
4A	Other Accounts Rec Affiliates	143,974.92
4B	Other Accounts Rec Non Affil	445,552.18
5	Accounts Receivable - Affiliates	292,738.98
6	Interest and Dividends Receivable	3,793.85
7	Material - Regulated	381,577.86
8	Material - Nonregulated	0.00
9	Prepayments	93,153.01
10	Other Current Assets	0.00
11	Total Current Assets	\$2,243,993.52

NONCURRENT ASSETS

12A	Invest in Affil Co Rural Develop	\$0.00
12B	Invest in Affil Co Non Rural Dev	6,855,060.22
13A	Other Invest Rural Dev	0.00
13B	Other Invest Non Rural Dev	365,348.35
14	Non-Regulated Investments	20,271.95
15	Other Noncurrent Assets	0.00
16	Deferred Charges	0.00
17	Jurisdictional Differences	0.00
18	Total Noncurrent Assets	\$7,240,680.52

PLANT, PROPERTY, AND EQUIPMENT

19	Plant-in-Service	\$30,709,221.86
20	Property Held For Future Use	0.00
21	Plant Under Construction	4,083,701.85
22	Plant-Nonoperating and Goodwill	0.00
23	Less Accumulated Depreciation	(14,298,295.85)
24	Net Plant	\$20,494,627.86
25	TOTAL ASSETS	\$29,979,301.90

Northeast Missouri Rural Telephone Company
Balance Sheet
For the Twelve Months Ending December 31, 2001

Year To Date

CURRENT LIABILITIES

26	Accounts Payable	\$287,373.31
27	Notes Payable	0.00
28	Advance Billings and Payments	0.00
29	Customer Deposits	44,364.51
30	Current Maturities LTD	0.00
31	Current Mat LTD Rural Dev	0.00
32	Current Mat Capital Leases	0.00
33	Income taxes Accrued	0.00

Attachment 8

34 Other Taxes Accrued	5,491.84
35 Other Current Liabilities	12,406.02
36 Total Current Liabilities	<u>\$349,635.68</u>

LONG TERM DEBT

37 Funded Debt-RUS Notes	\$13,618,479.23
38 Funded Debt-RTB Notes	0.00
39 Funded Debt-RFTC Notes	0.00
40 Funded Debt-Other	0.00
41 Premium (Discount) on Long-Term Debt	0.00
42 Reacquired Debt	0.00
43 Obligations Under Capital Lease	0.00
44 Advances From Affiliated Companies	0.00
45 Other Long-Term Debt	0.00
46 Total Long-Term Debt	<u>\$13,618,479.23</u>

OTHER LIABILITIES AND DEFERRED CREDITS

47 Other Long-Term Liabilities	\$0.00
48 Other Deferred Credits	0.00
49 Def Tax Regulatory Liabilities	0.00
50 Total Other Liabilities and Deferred Credits	<u>\$0.00</u>

EQUITY

51 Capital Stock Outstanding	\$34,020.00
52 Additional Paid-in-Capital	0.00
53 Treasury Stock	0.00
54 Membership and Capital Certificates	6,250.00
55 Other Capital	0.00
56 Patronage Capital Credits	13,317,998.51
55 Retained Earnings or Margins	2,652,918.48
56 Total Equity	<u>\$16,011,186.99</u>
59 TOTAL LIABILITIES AND EQUITY	<u><u>\$29,979,301.90</u></u>

Northeast Missouri Rural Telephone Company
Operating Report
For the Twelve Months Ended December 31, 2001

	December	Quarter	YTD	% Total	BUDGET	Last Year Total
Local Network Service Revenue	\$33,970.98	\$105,720.67	\$429,255.62	7.9%	\$415,000.00	\$374,129.62
Interstate Network Access Revenue	223,849.49	683,199.81	2,658,695.53	49.2%	2,720,000.00	2,592,884.17
Intrastate Network Access Revenue	194,128.97	571,958.17	2,220,904.38	41.1%	2,125,000.00	1,954,894.30
Billing and Collection Revenue	5,731.00	85,523.39	71,694.95	1.3%	(20,000.00)	(20,464.94)
Miscellaneous Revenue	5,516.04	11,456.82	35,200.03	0.7%	31,000.00	30,579.57
Uncollectible Revenues	(4,960.59)	(4,736.91)	(12,738.25)	-0.2%	(9,000.00)	(11,288.49)
Net Operating Revenues	\$458,235.89	\$1,453,121.95	\$5,403,012.26	100.0%	\$5,262,000.00	\$4,920,734.23
Plant Specific Operations Expense	\$69,455.03	\$185,475.28	\$837,352.89	21.6%	\$875,000.00	\$881,127.72
Plant Nonspecific Operations Expense	6,686.34	16,451.31	72,446.86	1.9%	80,000.00	65,970.35
Depreciation	176,229.62	526,989.13	1,985,383.48	51.3%	1,950,000.00	1,712,408.39
Amortization Expense	0.00	0.00	0.00	0.0%	0.00	0.00
Customer Operations Expense	30,447.40	81,538.46	306,821.18	7.9%	300,000.00	294,621.90
Corporate Operations Expense	103,265.20	160,456.25	668,466.61	17.3%	615,000.00	606,655.31
Total Operating Expenses	\$386,083.59	\$970,910.43	\$3,870,471.02	100.0%	\$3,820,000.00	\$3,560,783.67
Operating Income or Margins	\$72,152.30	\$482,211.52	\$1,532,541.24		\$1,442,000.00	\$1,359,950.56
Other Operating Income and Expense	\$0.00	\$0.00	(\$1,491.41)		\$0.00	\$0.00
State and Local Taxes	17,813.46	71,133.46	318,168.37		332,000.00	326,191.37
Income Taxes	280,925.00	280,923.00	280,923.00		0.00	0.00
Total Operating Taxes	\$298,738.46	\$352,056.46	\$599,091.37		\$332,000.00	\$326,191.37
Net Operating Income or Margins	(\$226,586.16)	\$130,155.06	\$931,958.46		\$1,110,000.00	\$1,033,759.19
Interest on Funded Debt	\$45,680.79	\$141,678.69	\$532,325.48		\$525,000.00	\$472,471.63
Other Interest Expenses	385.39	1,172.51	4,840.97		4,500.00	4,423.97
Total Fixed Charges	\$46,066.18	\$142,851.20	\$537,166.45		\$529,500.00	\$476,895.60
Nonoperating Net Income	4,113.25	886,668.18	1,544,870.57		650,000.00	124,823.93
Nonregulated Net Income	(12,494.24)	(11,151.52)	26,477.84		64,500.00	39,405.80
Total Net Income or Margins	(\$281,033.33)	\$862,820.52	\$1,966,140.42		\$1,295,000.00	\$721,093.32

Attachment 9

Northeast Missouri Rural Telephone Company and Subsidiaries
Post-Merger Pro Forma Financial Statements
Through 2006

Consolidated Financial Statements

<u>ASSETS</u>	Actual 1999	Actual 2000	Unaudited 2001	ProForma 2002	ProForma 2003	ProForma 2004	ProForma 2005	ProForma 2006
Current Assets	\$ 2,515,202	\$ 2,860,129	\$ 3,913,275	\$ 4,011,107	\$ 4,111,385	\$ 4,214,169	\$ 4,319,523	\$ 4,427,511
Non Current Assets	\$ 934,051	\$ 1,103,878	\$ 1,370,775	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000
Net Plant, Property and Equipment	\$ 26,642,995	\$ 28,047,428	\$ 30,523,050	\$ 33,523,050	\$ 34,523,050	\$ 35,523,050	\$ 36,523,050	\$ 37,523,050
Total Assets	\$ 30,092,248	\$ 32,011,435	\$ 35,807,100	\$ 38,909,157	\$ 40,009,435	\$ 41,112,219	\$ 42,217,573	\$ 43,325,561

LIABILITIES & STOCKHOLDERS EQUITY

Current Liabilities	\$ 2,029,600	\$ 1,992,159	\$ 262,763	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Long-Term Debt	\$ 15,061,759	\$ 16,454,466	\$ 19,640,916	\$ 21,140,916	\$ 21,140,916	\$ 21,140,916	\$ 21,140,916	\$ 21,140,916
Stock Holders Equity	\$ 13,000,889	\$ 13,564,810	\$ 15,903,421	\$ 17,468,241	\$ 18,568,519	\$ 19,671,303	\$ 20,776,657	\$ 21,884,645
Total Liabilities and Stockholders Equity	\$ 30,092,248	\$ 32,011,435	\$ 35,807,100	\$ 38,909,157	\$ 40,009,435	\$ 41,112,219	\$ 42,217,573	\$ 43,325,561

STATEMENT OF INCOME

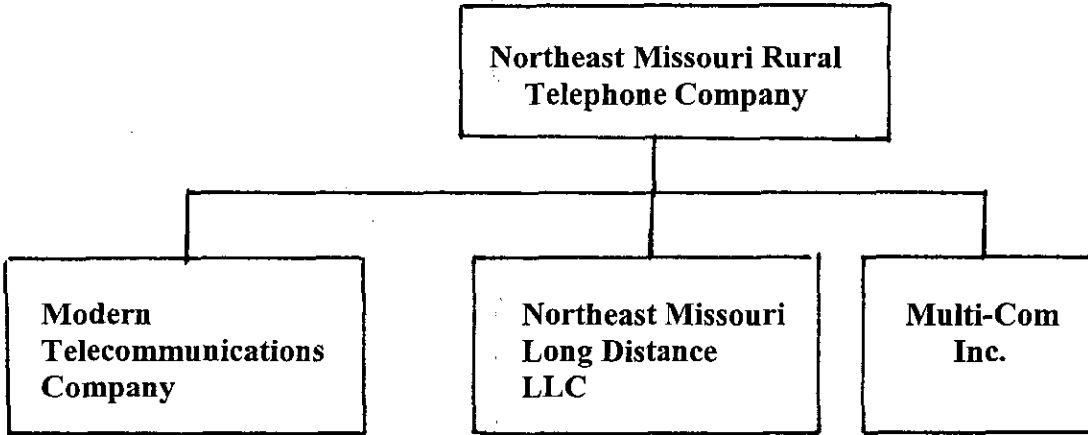
Operating Revenues	\$ 8,018,827	\$ 8,908,035	\$ 9,221,192	\$ 9,313,404	\$ 9,499,672	\$ 9,689,665	\$ 9,883,459	\$ 10,081,128
Operating Expenses	\$ (6,027,797)	\$ (6,643,455)	\$ (6,730,735)	\$ (6,865,350)	\$ (7,002,657)	\$ (7,142,710)	\$ (7,285,564)	\$ (7,431,275)
Operating Margins	\$ 1,991,030	\$ 2,264,580	\$ 2,490,457	\$ 2,448,054	\$ 2,497,015	\$ 2,546,956	\$ 2,597,895	\$ 2,649,853
Other Operating Income and (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and Local Taxes	\$ (528,056)	\$ (504,702)	\$ (498,055)	\$ (500,000)	\$ (500,000)	\$ (500,000)	\$ (500,000)	\$ (500,000)
Income Taxes	\$ -	\$ -	\$ (443,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)	\$ (150,000)
Interest Expense	\$ (729,110)	\$ (979,217)	\$ (983,291)	\$ (1,057,046)	\$ (1,109,898)	\$ (1,109,898)	\$ (1,109,898)	\$ (1,109,898)
Non Operating Income and (Expense)	\$ 223,320	\$ 197,932	\$ 1,612,853	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Non Regulated Net Income (Loss)	\$ 11,944	\$ (9,581)	\$ 131,264	\$ 75,000	\$ 150,000	\$ 153,000	\$ 156,060	\$ 159,181
Net Income	\$ 969,128	\$ 969,012	\$ 2,310,228	\$ 1,016,008	\$ 1,087,117	\$ 1,140,058	\$ 1,194,057	\$ 1,249,133

CASH FLOWS

Cash Beginning of Year	\$ 1,841,504	\$ 1,251,344	\$ 1,864,589	\$ 2,252,795	\$ 1,971,795	\$ 1,809,890	\$ 1,667,175	\$ 1,543,747
Cash Provided by operating Activities	\$ 3,697,036	\$ 3,785,333	\$ 3,800,000	\$ 3,819,000	\$ 3,838,095	\$ 3,857,285	\$ 3,876,572	\$ 3,895,955
Construction and Acquisition of Plant	\$ (4,457,060)	\$ (4,143,391)	\$ (5,262,808)	\$ (5,200,000)	\$ (3,600,000)	\$ (3,600,000)	\$ (3,600,000)	\$ (3,600,000)
Debt Proceeds	\$ 2,025,276	\$ 3,000,000	\$ 2,953,988	\$ 3,200,000	\$ 1,800,000	\$ 1,900,000	\$ 2,000,000	\$ 2,100,000
Debt Reduction	\$ (1,429,776)	\$ (1,614,003)	\$ (1,522,077)	\$ (1,700,000)	\$ (1,800,000)	\$ (1,900,000)	\$ (2,000,000)	\$ (2,100,000)
Payments of Capital Credits	\$ (461,145)	\$ (406,591)	\$ (395,512)	\$ (400,000)	\$ (400,000)	\$ (400,000)	\$ (400,000)	\$ (400,000)
Miscellaneous Cash Transactions	\$ 35,509	\$ (8,103)	\$ 814,615	\$ -	\$ -	\$ -	\$ -	\$ -
Cash End of Year	\$ 1,251,344	\$ 1,864,589	\$ 2,252,795	\$ 1,971,795	\$ 1,809,890	\$ 1,667,175	\$ 1,543,747	\$ 1,439,702

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Existing Corporate Organizational Chart



Proposed Corporate Organizational Chart

